

7.0 COSTS AND FUNDING

7.1 COST

Costs for the Wells HCP can be divided into two components. First, the cost associated with on-site measures in the reservoir, at the dam and in the tailrace. These include the cost of construction and annual operation of the bypass system, predator reduction activities, adult fish ladder operations and modifications; ongoing operation and maintenance of the Wells, Methow and Cassimer Bar hatcheries; and monitoring and evaluation studies. The second part is Douglas PUD's contribution to the Tributary Conservation Plan, which will finance off-site activities.

7.1.1 Projected Annual Cost During the Term of the Wells HCP

• Predator-reduction program	\$ 45,000
• Annual bypass system operation	\$1,200,000
• Adult fish ladder and Bypass System Maintenance	\$ 50,000
• Supervision of Fish & Game facilities	\$355,000
• Annual fish hatchery operation and maintenance	\$ 1,820,000
• Monitoring and evaluation studies	\$835,000
• Annual Debt Service	\$ <u>2,700,000</u>
• Total annual on-going measures	\$ <u>7,005,000</u>

The foregoing estimate represents the direct costs the DCPUD will incur in performance of the Wells HCP. In addition, certain measures undertaken by the federal hydropower system for protection of listed salmon populations in other parts of the Columbia River basin are resulting in reregulation of Columbia River flows. This augmentation program costs the Wells Project an estimated \$7.6 million per year in lost generation. To the extent those flows help any of the Plan Species, they represent an additional financial contribution by the DCPUD for species conservation.

7.1.2 Tributary Conservation Plan

The District will make an initial contribution of \$991,000 (1%) in 1998 dollars to the Plan Species Account. The District will conduct the Phase I survival studies called for in this Agreement. If after five years, the results of the survival studies show that the Wells Total Project Survival is equal to or more than 95 percent, the district will make annual payments of \$88,089 (1%) in 1998 dollars as long as the Agreement is in effect/or provide an up front payment of \$1,321,333 (1% for 15 years) in 1998 dollars but deducting the actual cost of bond issuance and interest.

If after five years, Total Project Survival is less than 95 percent, the District will contribute \$991,000 in 1998 dollars plus interest from day one of the Agreement (equivalent to 2%) and will make annual payments of \$176,178 (2%) in 1998 dollars as long as the Agreement is in effect; or provide an up front payment of \$2,642,667 (2% for 15 years) in 1998 dollars, but deducting the actual cost of bond issuance and interest.

If the Total Project Survival at the Wells Project had been equal to or greater than 95 percent and the survival subsequently falls below 95 percent, the District will contribute prospectively for the remaining time of the Agreement the equivalent to make a 2 percent credit in 1998 dollars to the Plan Species Account. The choice of annual or up front payment shall be made by the JFP and American Rivers.

At the end of 20 years, the Parties will determine the distribution of the remaining funds to the Plan Species account in amounts equivalent to annual payments of \$88,089 (1%) in 1998 dollars or \$176,178 (2%) in 1998 dollars, as the case may be. The District's total contribution to the Plan Species account will equal \$5 million dollars if the survival studies show the Wells Project Survival is equal to or greater than 95 percent and \$10 million if the survival is less than 95 percent.

The first installment is due within ninety (90) days of the effective date of the Agreement. The rest of the installments are due by the 31st day of January each year thereafter. The dollar figures shall be adjusted for inflation on the 1st day of January each year based upon the "Consumer Price Index for all Urban Consumers" for the Seattle/Tacoma area, published by the U.S. Department of Labor, Bureau of Labor Statistics. If said index is discontinued or becomes unavailable, a comparable index suitable to the Tributary Committee shall be substituted.

7.2 FUNDING

In its current financial position, the District has sufficient assets to secure funding for its affirmative obligations under the Agreement. To ensure notification of any material change in the financial position of the District during the term of the Permit, the District will provide the NMFS with a copy of its annual report each year of the Permit.